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- (2) The DSH payments to public and non-public hospitals may not exceed the costs incurred during the year of furnishing hospital services to Medicaid patients and to patients who have no health insurance, or other source of third party coverage, less the amount of non-DSH payments for services provided during the year plus payments received from patients with no insurance, or other third party coverage. Payments made by a state or local government to a hospital for indigent patients shall not be considered a source of third party payment.

All disproportionate share hospitals will have their total calculated payment adjustment percentage added to the trend factor used in calculating their per case rates effective with dates of admission beginning July 1, 1990, and after. Previously, two-thirds (2/3) of the total payment adjustment percentage was included in the trend factor.

Effective with dates of admission beginning July 1, 1989, and after, an enrolled hospital designated as disproportionate share by the Department or the Medicaid agency in the state in which it is located will be eligible to receive an outlier payment adjustment for medically necessary inpatient hospital admissions involving exceptionally long lengths of stay for individuals under age six (refer to Item XIII for policy for non-disproportionate share hospitals). To qualify for this day outlier payment, the length of stay for individuals under age six must exceed the hospital-specific threshold, which is defined as the mean length of stay plus three standard deviations. The day outlier payment will equal the number of days in excess of the threshold times the hospital-specific per admission rate per day. This rate per day will be the hospital-specific per case rate divided by the hospital-specific average length of stay for all Medicaid admissions. The base period used for calculation of the threshold and the per admission rate per day will be the period on which the hospital's prospective per case rate is based.

Effective with admissions on and after July 1, 1990,

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the disproportionate share hospital (DSH) providers which directly received grant funds in 1989 from the Department of Human Resources' (DHR) Regionalized Infant Intensive Care Program will have their rates revised to include an additional DSH payment adjustment. These hospitals provide intensive care services to a disproportionate number of high risk neonates and incur significant unreimbursed costs associated with the provision of such services. The payment adjustment will include reported unreimbursed costs of neonatal intensive care and related transportation services as determined by DHR and reviewed and accepted by the Department; no other items are included in this payment adjustment. Effective with admissions on and after July 1, 1991, subject to the availability of funds, these hospitals will receive monthly lump-sum DSH payment adjustments.

Effective with admissions on and after July 1, 1994, the disproportionate share hospital (DSH) provider which was designated the sixth tertiary center to receive grant funds from the Department of Human Resources' (DHR) Regionalized Infant Intensive Care Program, subject to the availability of funds, will receive monthly lump-sum payment adjustments. An illustration of the derivation of the payment is as follows: $\text{Annual estimated costs} \div 12 \text{ months} = \text{Estimated monthly costs}$; $\text{Estimated monthly costs} \div \text{Monthly admissions} = \text{Estimated monthly cost per admission}$; and $\text{Estimated monthly cost per admission} \times \text{monthly admissions} = \text{Monthly payments}$. This hospital provides intensive care services to a proportionate number of high risk neonates and incurs significant unreimbursed costs associated with the provision of such services. The payment adjustment will include reported unreimbursed costs for neonatal intensive care and related transportation services as determined by DHR and reviewed and accepted by the Department.

The Department will make quarterly payment adjustments to disproportionate share teaching hospitals which participate in the Family Practice and Residency Grants Program administered by the Joint Board of Family Practice (JBFP). These

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hospitals operate post-graduate training programs for physicians preparing to enter family practice and other medical specialties and incur significant unreimbursed graduate medical education costs associated with the operation of such training programs. The payment adjustment amount is determined based on the number of residents in the training programs and the costs incurred in operating such programs, and will not exceed the reported unreimbursed graduate medical education costs for these programs, subject to the availability of funds. The payment adjustment will be reasonably related to cost, volume or proportion of services provided to Medicaid or other low-income patients. An illustration of the derivation of the payment is as follows: Quarterly inpatient admissions (50) x Resident cost per admission (\$2,538) = Quarterly payment (\$126,900).

Subject to the availability of funds, the Department will make a monthly payment adjustment to disproportionate share hospital providers which contract with the Department of Human Resources (DHR) for services provided in the following programs: AIDS Clinic, Poison Control Center, Genetics/Sickle Cell Screening and Maternal and Infant Health Services. The DSH payments would begin on or after July 16, 1991, and be made to reimburse for significant costs incurred in the provision of program services. Significant costs include costs incurred in operation of the grant programs such as salaries and benefits, supplies and materials, etc. The monthly payment adjustment to the DSH providers which operate these programs is determined based on an expenditure report submitted by the hospital to DHR. The report is reviewed and approved for payment in accordance with contract terms, and forwarded to the Department for payment. The Department reviews the report and makes the payment adjustment not to exceed aggregate reasonable costs incurred by the hospitals. The payments will be reasonably related to cost or volume of services provided by these DSH providers to Medicaid or other low-income patients. An illustration of the derivation of the payment is as follows: Quarterly admissions (300) x cost per

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admission (\$1,297) = Quarterly payment (\$389,100).

The Department will make a payment adjustment (as described below) effective for dates of admission July 16, 1990, and after, to disproportionate share hospitals which agree to use no less than 15% of the payment adjustment for support of primary care services. The payment adjustment will be made quarterly based on paid admissions and will be determined as outlined below.

- 1) Calculate a payment adjustment percentage using the steps below:

Add 3% per year of inflation (beginning with the first full year that inflation is added);

Add 0-20% for DSH providers whose percentage of Medicaid days is greater than the statewide mean percentage of Medicaid days. Of these providers, the hospital with the highest percentage of Medicaid days gets 20%, and the percentage is factored down accordingly, beginning with the hospital which has the next highest percentage of Medicaid days down to the hospital with the lowest;

Sum the amounts derived from the steps above to determine the payment adjustment percentage.

- 2) Multiply the payment adjustment percentage by the inflated hospital specific base year 1987 operating costs. Divide this product by the base year 1987 number of paid admissions to determine the payment adjustment amount per case.

Add 1%, 2%, 3%, or 4% per year of inflation for hospitals which qualify as DSH by meeting two, three, four or five of the DSH criteria, respectively;

Add 0-15% based on the percentage of Medicaid admissions for deliveries to total Medicaid admissions for all services;

Add 1% per year of inflation if the hospital is the only hospital in the county; and

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- 3) Multiply the payment adjustment amount per case by the number of paid admissions for the quarter; the product is the quarterly payment adjustment specific to each DSH provider. The payment adjustment amount per case is subject to adjustment by the Department.
- 4) Effective for quarterly payment adjustments made April 1, 1991, and after, subject to availability of funds, adjust the payment amount per case as follows: (1) Increase the payment adjustment amount for fiscal year 1991 by 15% to provide for the establishment and support of primary care programs and services for Medicaid recipients and indigent citizens of Georgia; and (2) increase the DSH payment adjustment percentage by one percent per year of inflation (3.25%) for the DSH providers which are the sole hospital in rural counties.

Multiply the revised payment adjustment amount per case by the number of paid admissions for the quarter; the product is the quarterly payment adjustment specific to each DSH provider which is reasonably related to costs, volume or proportion of services provided to Medicaid or other indigent patients.

Effective with admissions on and after January 1, 1991, subject to the availability of funds, make a payment adjustment for the state-owned and operated disproportionate share teaching hospital in Georgia. The adjustment will be the difference between the hospital's Medicaid per case reimbursement rate, exclusive of the other DSH adjustments, and the hospital calculated per case rate using Medicare principles of reimbursement (the Medicare upper limit rate). This adjustment results in reimbursement of reasonable costs of inpatient hospital services provided to Title XIX patients.

The Department will make a payment adjustment (as described below) effective for dates of admission July 1, 1991, and after, to disproportionate share hospitals which agree to use no less than 15% of the payment adjustment for support of primary care services. The payment adjustment will be based on paid admissions and will be made monthly beginning

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on or around October 31, 1991. The payment adjustment amount will be determined as outlined below.

- (1) Calculate a payment adjustment percentage for each DSH using the steps below.
 - Add 50% for each DSH provider.
 - Add 0-50% proportionally for DSH providers whose percentage of Medicaid days is greater than the statewide mean percentage of Medicaid days.
 - Add 12.5% for each additional DSH criterion that a hospital meets.
 - Add 0-50% proportionally based on the percentage of Medicaid births to total births for each hospital.
 - Add 25% if the hospital is the only Medicaid-enrolled hospital in its county.
 - Add 0-100% proportionally for hospitals with calendar year 1990 admissions greater than 1,000.
 - Sum the percentages derived from the steps above to determine the payment adjustment percentage.
- (2) Multiply the payment adjustment percentage by the inflated hospital-specific base year 1988 operating costs to obtain inflated operating costs for each DSH.
- (3) Calculate bad debt and uncompensated services costs by multiplying these total hospital costs by the percentage of Medicaid patient days for each DSH.
- (4) Add inflated operating costs and costs of uncompensated services and bad debts and divide by the 1989 discharges to obtain the payment adjustment amount per case for each DSH.
- (5) Multiply the payment adjustment amount per case by the estimated number of admissions for each DSH for

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the appropriate period. The product is the estimated DSH payment adjustment. The payment adjustment amount per case is subject to adjustment

by the Department. The payment adjustment is subject to the availability of funds and will be reasonably related to costs, volume or proportion of services provided to Medicaid or other indigent patients.

The Department will make a payment adjustment, (as described below) effective for dates of admission July 1, 1992, and after, to disproportionate share hospitals which agree to comply with Departmental Rule 350-6.03(3): No less than 15% of the payment adjustment will be used for support of primary care services. The payment adjustment will be calculated as outlined below and will be made on or around November 2, 1992, for the period July 1 through October 31; on or around November 30 for the month of November; and on or around December 31 for the month of December.

(1) Calculate a payment adjustment percentage for each DSH using the steps below.

- Add 50% for each DSH provider.
- Add 0-50% proportionally for DSH providers whose percentage of Medicaid days is greater than the statewide mean percentage of Medicaid days.
- Add 12.5% for each additional DSH criterion that a hospital meets.
- Add 0-50% proportionally based on the percentage of Medicaid births to total births for each hospital.
- Add 25% if the hospital is the only Medicaid-enrolled hospital in its county.
- Add 0-100% proportionally for hospitals with calendar year 1990 admissions greater than

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1,000.

- Sum the percentages derived from the steps above to determine the payment adjustment percentage.

- (2) Multiply the payment adjustment percentage by the inflated hospital-specific base year 1989 operating costs to obtain inflated operating costs for each DSH.
- (3) Calculate bad debt and uncompensated services costs by multiplying these total hospital costs by the percentage of Medicaid patient days for each DSH.
- (4) Add inflated operating costs and costs of uncompensated services and bad debts and divide by the 1989 discharges to obtain the payment adjustment amount per case for each DSH.
- (5) Multiply the payment adjustment amount per case by the estimated number of admissions for each DSH for the period July 1, 1992, to December 31, 1992. The product is the estimated DSH payment adjustment for the state fiscal year 1993. The payment adjustment amount per case is subject to adjustment by the Department. The payment adjustment is subject to the availability of funds and will be reasonably related to costs, volume or proportion of services provided to Medicaid or other indigent patients.

The Department will make a payment adjustment, (as described below) effective for dates of admission July 1, 1993, and after, to disproportionate share hospitals which agree to comply with Departmental Rule 350-6.03(3): No less than 15% of the payment adjustment will be used for support of primary care services. The payment adjustment will be calculated as outlined below and will be made on or around November 1, 1993, for the period July 1 through October 31; on or around November 30 for the month of November; and on or around December 31 for the month of December.

- (1) Calculate a payment adjustment percentage for each DSH using the steps below.

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- Add 50% for each DSH provider.
 - Add 0-50% proportionally for DSH providers whose percentage of Medicaid days is greater than the statewide mean percentage of Medicaid days.
 - Add 12.5% for each additional DSH criterion that a hospital meets.
 - Add 0-50% proportionally based on the percentage of Medicaid births to total births for each hospital.
 - Add 25% if the hospital is the only Medicaid-enrolled hospital in its county.
 - Add 0-100% proportionally for hospitals with calendar year 1991 admissions greater than 1,000.
 - Add 40% to the payment adjustment percentage for all public disproportionate share hospitals prior to multiplication of that percentage by the inflated hospital-specific base year 1990 operating costs. In the event a reduction to this 40% payment adjustment is necessary, such a reduction would be proportional based on estimated Medicaid inpatient admissions.
 - Sum the percentages derived from the steps above to determine the payment adjustment percentage.
- (2) Multiply the payment adjustment percentage by the inflated hospital-specific base year 1990 operating costs to obtain inflated operating costs for each DSH.
- (3) Calculate bad debt and uncompensated services costs by multiplying these total hospital costs by the percentage of Medicaid patient days for each DSH.
- (4) Add inflated operating costs and costs of uncompensated services and bad debts and divide by the 1990 discharges to obtain the payment adjustment amount per case for each DSH.

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- (5) Reduce the payment adjustment amount per case for non-public hospitals by 50%.
- (6) Multiply the payment adjustment amount per case by the estimated number of admissions for each DSH. The product is the estimated DSH payment adjustment. The payment adjustment amount per case is subject to adjustment by the Department. Such an adjustment would be a proportional reduction based on Medicaid inpatient admissions or Medicaid base year inpatient costs.

The Department will make a payment adjustment effective for dates of admission July 1, 1994, and after, to disproportionate share hospitals which agree to comply with Department Rule 350-6-.03(3) See Appendix A. No less than 15% of the payment adjustment will be used for support of primary care services. The payment adjustment will be calculated November 1, 1994, for the period of July 1, through October 31; on or around November 30, for the month of November; and on or around December 31 for the month of December.

- (1) Calculate a payment adjustment percentage for each DSH provider using the steps below.
- Add 50% for each DSH provider.
 - Add 0-50% proportionally for DSH providers whose percentage of Medicaid days is greater than the statewide mean percentage of Medicaid days.
 - Add 12.5% for each additional DSH criterion that a hospital meets.
 - Add 0-50% proportionally based on the percentage of Medicaid births to total births for each hospital.
 - Add 25% if the hospital is the only Medicaid-enrolled hospital in its county.
 - Add 0-100% proportionally for hospitals with calendar year 1992 admissions greater than 1000.
 - Add no more than 40% to the payment adjustment